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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

OIL AND GAS LEASE
(Paid-Up Lease)

This Oil and Gas Lease (this "Lease") is made on June 6th, 2008, between **360 MATLOCK ROAD-BROAD STREET PARTNERSHIP, L.P.** (hereafter called "Lessor," whether one or more), whose address is 905 West Mitchell, Arlington, Texas 76013, and **CHEROKEE HORN ENERGY LLC** (hereafter called "Lessee"), whose address is 5950 Berkshire Lane, Suite 810, Dallas, Texas 75225.

1. **Grant.** In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases unto Lessee the following described land (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling, and producing oil and gas, laying pipelines and building roads and tanks thereon to produce, save, treat, process, store, and transport oil and gas and other products manufactured from oil and gas produced from the Land:

Tract 1: 35.203 acres, more or less, out of the Jacob Back Survey, A-126, Tarrant County, Texas, and being Tracts 2A, 2A1, 2A1A, 2A3, and 2A4, and being further described by metes and bounds in that certain Special Warranty Deed dated February 25, 2002, from Ross B. Calhoun, Trustee to Hwy. 360-Matlock Rd.-Broad St. Partnership, L.P. and recorded in Volume 16224, page 136, Deed Records, Tarrant County, Texas.

Tract 2: 24.397 acres, more or less, out of the Jacob Back Survey, A-126, Tarrant County, Texas, and more particularly described by metes and bounds in that certain Deed dated November 30, 1990, from Ross B. Calhoun, Trustee to State Highway and Public Transportation Commission and recorded in Volume 10111, page 1985, Deed Records, Tarrant County, Texas.

Tract 3: 4.22 acres, more or less, out of the Jacob Back Survey, A-126, Tarrant County, Texas, and being more particularly described by metes and bounds in that Right of Way from Ross B. Calhoun to the City of Mansfield and recorded in Volume 12916, page 234, Deed Records, Tarrant County, Texas.

2. **Primary Term.** This Lease is for a term of three years from this date (called "Primary Term") and as long thereafter as oil or gas is produced from the Land in paying quantities.

3. **Minerals Covered.** This Lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons produced through a well bore.

4. **Royalty.**

(a) As royalties, Lessee agrees:

(1) To deliver free of cost to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, one-fourth (the "Royalty Fraction") of all oil and other liquid hydrocarbons produced and saved from the Land. At Lessor's option, which may be exercised from time to time, Lessee shall pay to Lessor the same part of the market value at the well of oil and other liquid hydrocarbons of like grade and gravity prevailing on the day the oil and other hydrocarbons are run from the Lease in the general area in which the Land is located.

(2) To pay to Lessor:

(i) On gas produced from the Land and sold by Lessee or used on or off the Land and to which the following subparagraphs (ii) and (iii) do not apply, the Royalty Fraction of the market value at the point of sale, use, or other disposition.

(ii) On gas produced from the Land that is processed in a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the higher of the Royalty Fraction of the market value of the gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the gas at the plant plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(iii) On gas produced from the Land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the market value at the plant of all processed liquids credited to the account of Lessee and attributable to the gas plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(b) If gas produced from the Land is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and for a term no longer than that which is usual and customary in the industry at the time the contract is made, then the market value of the gas sold pursuant to the contract shall be the total proceeds received by Lessee in the sale, subject to the provisions of paragraph 4(c) above.

(c) The market value of gas will be determined at the specified location by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition the oil or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, or if Lessee realizes proceeds of production after deduction for any expense of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage, or marketing, then the reimbursement or the deductions

will be added to the total proceeds received by Lessee. Royalty will be payable on oil and gas produced from the Land and consumed by Lessee on the Land for compression, de-hydration, fuel, or other use.

(d) If Lessee compresses, transports, processes, or treats gas produced from the Land, Lessor's royalty shall not bear any of the costs associated therewith. If a third party that is not an affiliate of Lessee, compresses, transports, processes, or treats gas produced from the Land, Lessor's royalty will bear its proportionate share of costs and expenses associated therewith, but the price charged for compression, transportation, processing, and treatment shall not exceed the price that would be paid under similar circumstances in an arms-length transaction between unaffiliated parties.

(e) Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will only receive its Royalty Fraction of any payments made for make-up gas taken pursuant to the take or-pay provision or similar provision.

(f) Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than 90 days after completion of the well, in the case of an oil well, or after the pipeline connection, in the case of a gas well. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty will bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The royalty payment obligations under this Lease shall not be affected by any division order or the provisions of the Section 91.402 of the Texas Natural Resources Code or any similar statute.

(g) As used in this Lease, "affiliate" means a corporation, joint venture, partnership, or other entity that owns more than ten percent of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent of the outstanding voting interest.

(h) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

5. Shut-in Royalty. After the Primary Term, while there is a gas well on this Lease or on acreage pooled therewith capable of producing gas in paying quantities, but gas is not being sold, Lessee shall pay or tender in advance an annual shut-in royalty of \$5,000 for each well from which gas is not being sold. Payment with respect to a well will be due within 60 days after the well is shut-in. While shut-in royalty payments are timely and properly paid, this Lease will be held as a producing lease. The right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to a cumulative period of two years. The obligation of Lessee to pay shut-in royalty is a condition and not a covenant. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto on or before the due date.

6. Continuous Development.

(a) If, at the expiration of the Primary Term, oil or gas is not being produced from the Land, but Lessee has commenced the drilling of a well on the Land, or land pooled therewith, the Lease will not terminate but will remain in effect for so long thereafter as operations are carried out with due diligence with no cessation of more than 60 days, and if the operations result in the production of oil or gas, the Lease shall remain in force as otherwise provided herein. For the purposes of this Lease, the term "operations" means operations for any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain production of oil or gas.

(b) After the Primary Term, if this Lease is maintained by production or otherwise, it will remain in force as to all acreage and depths as long as there is no lapse of more than 180 days between the completion of one well and the commencement of the actual drilling of another well. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling operations must continue with diligence and in a good and workmanlike manner in a good faith effort to reach the anticipated total depth. A well will be deemed to have been completed on the date of the release of the drilling rig from the drillsite. The permitted time between wells shall be cumulative so that if a well is commenced prior to the date it is required to be commenced, the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next well.

(c) If at any time the maximum time for the commencement of the actual drilling of a well expires without the commencement of the well, or upon the expiration of the Primary Term if the Lease is not maintained by continuous drilling, this Lease will terminate except as to the Retained Tract (defined below) surrounding any well that is then producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties, and as to each Retained Tract, the Lease will then terminate as to all depths below the stratigraphic equivalent of the base of the deepest producing formation on the Retained Tract and above the top of the stratigraphic equivalent of the shallowest producing formation on the Retained Tract. The Lease will be treated as a separate lease with respect to each Retained Tract and will continue so long

as production in paying quantities continues from the tract. If production from a Retained Tract ceases from any cause, this Lease will terminate as to that tract unless Lessee commences operations for drilling or reworking on the tract within 60 days after the cessation of production, in which case the Lease as to that tract will continue in force as long as the operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in production, so long thereafter as there is production from the tract.

(d) As used in this Lease, the term "horizontal well" means a well that meets the definition of a "horizontal drainhole well" under Statewide Rule 86 of the Railroad Commission of Texas, and a "vertical well" is a well that is not a horizontal well. The land assigned to a well for the purposes of this section is referred to as a "Retained Tract." A Retained Tract for a well may not exceed the minimum size required to obtain a drilling permit under the well density rules adopted by the Railroad Commission of Texas for the field, or if there are no field rules that apply, the Retained Tract shall be limited to the smallest size required to obtain a drilling permit under the statewide well density rules of the Railroad Commission of Texas. A Retained Tract for a vertical well producing from the Barnett Shale formation may not exceed 40 acres. If field rules are established later that permit obtaining a drilling permit with less acreage, a Retained Tract for a vertical well may not exceed the minimum size permitted. A Retained Tract for a horizontal well may include the minimum acreage specified above for a vertical well plus the additional acreage listed in the tables in Rule 86 (For Fields with a Density Rule of 40 Acres or Less) and must comply with the requirements of Rule 86 for minimum permitted well density, and if the well is producing from the Barnett Shale formation, the acreage of the Retained Tract shall be assigned as if well density for vertical wells is 40 acres or less. Each Retained Tract for a vertical well must be as nearly in the form of a square as is practical with the well in the center of the square and with the sides of each square running in the cardinal directions. Each Retained Tract for a horizontal well must be in the form of a rectangle with the horizontal drainhole being as nearly as practical along the center line of the long dimension of the rectangle.

(e) Within 60 days after the last to occur of the expiration of the Primary Term or the continuous drilling program, Lessee must file in the county records and furnish to Lessor a document designating each Retained Tract by metes and bounds and the retained depths thereunder, and releasing all other depths and acreage. A gas well that becomes an oil well will hold only the acreage permitted for an oil well, and Lessee must file a redesignation of the Retained Tract in the Real Property Records of the county where the Land is located. If Lessee fails to file timely a document required by this paragraph after Lessor has provided 30 days prior written notice, then Lessor may do so, and the filing will bind Lessee.

7. **Pooling.** Lessee shall have the right to pool the Land with contiguous acreage to form pooled units for the production of gas. The acreage in a pooled unit may not exceed 40 acres for an oil unit and 160 acres for a gas unit, or in the case of a gas unit, such larger amount as may be permitted under Rule 86 as provided in paragraph 7(d) above. The unit will become effective when Lessee files in the Real Property Records of the county where the Land is located a document describing the pooled acreage and depths for the pooled unit and delivers a copy of the document to Lessor. Lessee may

at its election exercise its pooling option before or after commencing operations. Operations for drilling on or production of gas from any part of a pooled unit that includes land covered by this Lease shall be considered as operations on or production of gas from the portion of the Land included in the pooled unit. That part of the Land included in a pooled unit will be considered to be a Retained Tract, and the provisions of this Lease that provide for termination of the Lease insofar as the Lease covers depths above and below producing formations and other provisions relating to Retained Tracts shall apply. There shall be allocated to the Land included in the unit that prorated portion of the gas produced from the pooled unit that the number of surface acres of the Land included in the unit bears to the total number of surface acres included in the unit. Royalties shall be computed on the portion of production allocated to the Land. Any unit formed may not be amended without the written consent of Lessor. No part of the Land may be included in a pooled unit unless all of the Land that is not then included in a Retained Tract for a producing well is included in the unit.

8. Offset Wells. For purposes of this Lease, an "offsetting well" is a well that is producing oil or gas from adjacent or nearby land and is draining the Land. If an offsetting well is completed, Lessee must, within 60 days after the initial production from the offsetting well, commence operations for the drilling of an offset well on the Land and must diligently pursue those operations to the horizon in which the offsetting well is producing, or at the option of Lessee: (i) execute and deliver to Lessor a release in recordable form of the acreage nearest to the offsetting well; or (ii) pay Lessor a monthly royalty equal to the royalty that would be payable under this Lease if the production from the offsetting well had come from the Land. In the event acreage is released pursuant to (i) above, the release will cover a tract of a size and shape that will permit the drilling of a well to the producing formation and the creation of a proration unit surrounding the well in compliance with the field rules for the field in which the offsetting well is located, but if there are no field rules, in compliance with the statewide rules of the Railroad Commission of Texas. A producing well located within 467 feet of the Land will be presumed to be draining the Land.

9. Secondary Recovery. Lessee will not implement any repressuring, pressure maintenance, recycling, or secondary recovery operations without the prior written consent of Lessor.

10. Equipment. While Lessee is not in default under this Lease, and subject to other provisions of this Lease, Lessee will have the right at any time within six months after the expiration of this Lease to remove all personal property placed by Lessee on the Land. If Lessee fails to do so within the permitted period, then at Lessor's option, all or any part of the personal property will become the property of Lessor, and Lessor may require Lessee to remove all property not desired by Lessor. Lessee may not remove any gates or cattle guards installed by it.

11. Surface Operations.

(a) Lessee may use the tract of 8.319 acres described in attached Exhibit A for its operations and may not enter upon any other part of the Land for any purpose.

(b) Lessee agrees to pay Lessor the reasonable value of the actual damages resulting to the surface of the Land, fences, roads, tanks, structures, improvements, livestock, trees, grass, and crops caused by operations hereunder. Lessee agrees to restore the surface of the Land to as near its original condition as may be reasonably done after the completion of each operation. The restoration of the surface shall include removing all gravel, caliche, and fill material and reseeding or resodding as may be reasonably requested by Lessor. Before plugging and abandoning any well on the Land, Lessee must advise Lessor, and upon Lessor's request, must set a plug at the base of the deepest fresh water structure and then deliver the well to Lessor free of cost, in which case Lessor will thereafter assume all responsibility of the well. The reasonable value for actual damages caused by each of the following activities shall not be less than the stated amounts:

\$ 100,000 for the initial well and \$15,000 for each subsequent well;
\$ 10 per foot for pipelines, including flow lines and gathering lines;
\$ 10 per foot for all roads constructed.

The foregoing amounts shall not be considered as complete payment for damages that are in excess of the type normally associated with the stated activity.

(c) While drilling or reworking operations are being conducted, Lessee shall construct and maintain a fence around the area of operations and shall take appropriate measures to insure that only authorized persons have access to the drillsite. After the completion of a well, Lessee shall construct and maintain a substantial fence around all tank batteries, separators, and other surface equipment and shall keep all gates locked. Lessee shall keep all surface equipment in a good state of repair and painted as often as is necessary to maintain a good appearance. Lessee shall remove all debris, trash, unused materials, pipe, or equipment from the Land on a continuing basis. Lessee may not construct any buildings or other structures except for temporary mobile buildings utilized during drilling, completion, and reworking operations. Lessee will use only low profile pumping units on the Land. Lessee shall bury all pipelines located on the Land so that the top of the pipeline is at least 36 inches below the surface. If directed by Lessor, Lessee shall plant hedges or provide other landscaping and shall take whatever reasonable measures as may be requested by Lessor to shield all surface equipment from view.

(d) A drillsite may not exceed four acres (including frac pit) during drilling and refracing operations and will be limited to two acres at other times. Lessee must obtain Lessor's prior written consent as to the location of drillsites, tank batteries, roads, pipelines, and all surface equipment. Roads and pipelines will generally follow the course of roads and fences in order to minimize the impact on the surface of the Land. Lessee recognizes that in some instances this may cause roads or pipelines to be a greater length than necessary for ingress and egress and for transporting oil or gas produced from the Land. No compressors may be located upon the Land without Lessor's prior written consent. Upon the expiration of the Primary Term, or, if this Lease is maintained beyond

the Primary Term by continuous drilling, upon the expiration of the continuous drilling period, Lessee shall obtain a survey showing the location of each drillsite, road, and pipeline then located on the Land and shall prepare and deliver to Lessor a release in recordable form, releasing Lessee's right to use any other portion of the surface not designated as a road, drillsite, or pipeline location on the survey.

(e) Before any drilling equipment is moved to a drillsite, Lessee must build an all-weather, graded gravel and caliche road to the drillsite with tinhorns placed where necessary. Lessee shall maintain all roads used by Lessee in a good condition. Lessee agrees to keep the Land clean, to keep equipment painted, to fence all pits until the pits can be filled and leveled by Lessee, to repair all fences damaged by Lessee, and to restore the premises to natural condition insofar as is reasonably possible upon termination of each operation. All salt water produced from the Land must be removed by Lessee.

(f) All pits and cellars must be filled to ten inches above ground level by Lessee within 30 days after completion of each well unless adverse weather conditions unreasonably interfere with doing so. If the pits or cellars are too wet to cover within 30 days after completion of a well, Lessee agrees to remove the contents of each from the Land, and to fill the pits as provided above when the ground is dry.

(g) Water from Lessor's creeks, tanks, or wells may not be used by Lessee, and Lessee may not drill a water well on the Land or construct a pond without Lessor's prior written consent. If Lessor consents to the drilling of a water well by Lessee, Lessor shall have free use of water produced from the well at all times the well is not being used by Lessee. When the water well is no longer being used by Lessee, it shall tender the well and all related equipment to Lessor, free of cost.

(h) Lessee may not use sand, gravel, caliche, or any other materials from the Land in Lessee's operations. Under no circumstances may Lessee, its agents, employees, or contractors bring firearms or dogs or other animals on the Land or hunt or fish on the Land.

12. Assignments. Lessor is granting rights to Lessee that Lessor would not grant to others. Therefore, prior written approval of Lessor is required for any assignment or sublease of this Lease except that an undivided interest in the Lease may be assigned to Chesapeake Energy or one of its affiliates. All assignments and subleases must require the assignee or sublessee to assume all of Lessee's obligations under this Lease, but Lessee will remain liable for its obligations regardless of any assignment or sublease by it. No assignment or sublease will be effective until a certified copy of the recorded document is furnished to Lessor.

13. Force Majeure. Should Lessee be prevented by reason of Force Majeure from complying with any express or implied covenant of this Lease (other than a requirement to pay money), from conducting drilling or reworking operations on the Land, or from producing oil or gas, then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith; this Lease will be

extended so long as Lessee is prevented from conducting drilling or reworking operations on or from producing oil or gas from the Land; and the time while Lessee is so prevented will not be counted against Lessee. "Force Majeure" means any Act of God, any federal or state law, or any rule or regulation of governmental authority, or other similar cause (other than financial reasons). This paragraph is, however, in all things subject to the limitations of time during which this Lease may be continued in force by the payment of shut-in gas royalties.

14. **No Warranties.** Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately. Lessee, at its option, may discharge any tax, mortgage, or other lien on the Land, and in the event Lessee does so, Lessee will have the option of applying the royalties accruing to Lessor toward payment of it.

15. **Curing Defaults.** Should Lessee at any time fail to comply with its obligations hereunder regarding construction, maintenance, or repair within 30 days after written notice from Lessor, Lessor will have the right to do or have done whatever is necessary to fulfill the obligations to its reasonable satisfaction, and Lessee shall be liable to Lessor for the reasonable and necessary expenses thus incurred by Lessor, to be paid within ten days after Lessor furnishes to Lessee an itemized written statement of the expenses.

16. **Notices.** All notices will be deemed given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States Postal Service, postage prepaid, to Lessor and Lessee at the addresses shown for each party. Any party may designate a new address by proper notice to the other party or parties.

17. **Attorney's Fees.** In the event that either party is required to employ legal counsel for the enforcement of any provision of this Lease and prevails, the prevailing party will be entitled to recover from other party reasonable attorney's fees and expenses incurred by the prevailing party.

18. **Insurance.** At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor and related individuals and entities designated by Lessor as additional insureds. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and surface remediation. The coverage shall be in the minimum amount of \$5,000,000. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage.

19. **Indemnity.** LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR NUISANCE, FOR INJURY TO OR DEATH OF PERSONS AND FOR LOSS OR DAMAGE TO PROPERTY, OR ANY OF THEM, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY OR RESULTING FROM LESSEE'S OPERATIONS OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.

20. **Disputes.** In the event of a dispute under this Lease, the parties agree to attempt to resolve the dispute through good faith mediation to be conducted in Tarrant County, Texas.

21. **Miscellaneous Provisions.**

(a) In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall, within 60 days thereafter, furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

(b) Nothing in this Lease negates the usual implied covenants imposed upon Lessee.

(c) Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations. Lessee will give Lessor at least ten days prior notice in writing before conducting drilling, recompletion, or reworking operations on the Land. Upon request by Lessor, Lessee shall furnish to Lessor copies of applications to drill, daily drilling reports, well tests, completion reports, plugging records, gas purchase contracts, and production reports. Lessor has the right, personally or by representative, at Lessor's risk, of access to the derrick floor to observe all operations on all wells drilled on the Land. Upon request by Lessor, it will have the right to inspect and take samples of all cores and cuttings and witness the taking of all logs and drill stem tests, and Lessee agrees to furnish Lessor, upon request, with copies of all logs and surveys taken promptly after taking them. Lessee will divulge to Lessor correct information as requested by Lessor as to each well, the production therefrom, and such technical information as Lessee may acquire. Lessor has the right to be present when wells or tanks are gauged and production metered and has the right to examine all run tickets and to have full information as to production and runs and to receive copies of all run tickets upon request.

(d) The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason

of Force Majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Lessee agrees to furnish to Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Land together with a copy of each title curative document obtained by Lessee.

(e) Lessor shall have the right to inspect all records of Lessee relating to this Lease, operations conducted on the Lease, the sale and marketing of production from the Lease, and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing.

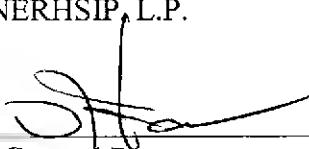
(f) No geophysical operations involving the use of explosives may be conducted by Lessee. Once commenced, the operations must be completed within 30 days. No bulldozers, earth moving, or brush clearing machines may be used in the operations, and surface disturbances will be minimized. At the conclusion of the operations Lessee must restore any surface disturbances and remove any debris. Lessee must strictly comply with all federal, state, and county regulations in conducting the operations.

(g) This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

Executed on the date first written above.

LESSOR:

360 MATLOCK ROAD-BROAD STREET
PARTNERSHIP, L.P.

By: 

General Partner

MANAGER

LESSEE:

CHEROKEE HORN ENERGY LLC

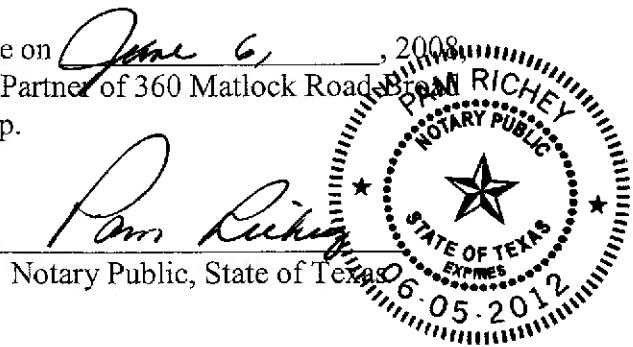
By: Charles Jefferson Walker, II
Name: President

Title: _____

THE STATE OF TEXAS §

COUNTY OF TARRANT §

This document was acknowledged before me on June 6, 2008
by D. J. Ban Manayag, General Partner of 360 Matlock Road Street Partnership, L. P., on behalf of the partnership.

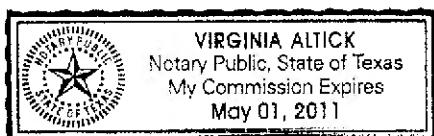


Notary Public, State of Texas

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This document was acknowledged before me on June 13th, 2008 by Charles Jefferson Watts II, President of Cherokee Horn Energy LLC, a corporation, on behalf of the corporation.



Virginia Altick
Notary Public, State of Texas

EXHIBIT A
to Oil and Gas Lease
between 360 Matlock Road-Broad Street Partnership, L.P.
and Cherokee Horn Energy LLC
dated June 4, 2008

Being 8.319 acres of land located in the Jacob Back Survey, Abstract No. 126, Tarrant County, Texas, being a portion of the tract of land described in the deed to 360 Matlock Road-Broad Street Partnership, a Texas Limited Partnership, recorded in Volume 16224, Page, 136, Deed Records, Tarrant County, Texas. Said 8.139 acres of land being more particularly described as follows:

BEGINNING at an 1 - $\frac{1}{4}$ " iron rod found in the West line of said 360 Matlock road tract at the most westerly Northwest corner of a tract of land described in the permanent right-of-way to the City of Mansfield recorded in Volume 12916, Page 234, Deed Records, Tarrant County, Texas.

THENCE N30°23'35"W, a distance of 469.99 feet along said West line to an $\frac{1}{2}$ " iron rod found at the South west corner of a tract of land described in the deed to Joseph P. Delaney, Bishop of the Catholic Diocese of Fort Worth recorded in Volume 13620, Page 90, Deed Records, Tarrant County, Texas;

THENCE along the South and East lines of said Delaney tract as follows:

1. S88°28'50"E, a distance of 257.84 feet to a 3/8" iron rod found;
2. N00°11'39"E, a distance of 142.93 feet to a point at the Southeast corner of a tract of land described in the deed to Joseph P. Lynch, recorded in Volume 743, Page 208, Deed Records, Tarrant County, Texas,

THENCE N00°01'45"W, a distance of 210.69 feet along the East line of said Lynch tract to an $\frac{1}{2}$ " iron rod found at the most Northerly Northwest corner of said 360 Matlock tract,

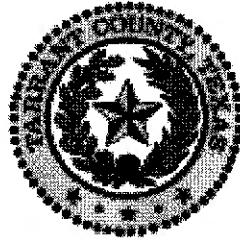
THENCE S88°20'10"E, a distance of 484.97 feet along the North line of said 360 Matlock tract to a PK Nail set the Most Northerly Northwest corner of said City of Mansfield right-of-way.

THENCE along the West and North lines of said City of Mansfield right-of-way as follows:

1. Southerly, 182.66 feet along a non tangent curve to the left, having a radius of 485.00 feet, a central angle of 21°34'44" and a chord bearing S20°00'59"E, 181.58 feet to an $\frac{1}{2}$ " iron rod stamped BEASLEY RPLS NO. 4050 set;
2. S30°48'20"E, a distance of 144.93 feet to an $\frac{1}{2}$ " iron rod stamped BEASLEY RPLS NO. 4050 set;
3. S14°11'40"W, a distance of 14.61 feet to an $\frac{1}{2}$ " iron rod stamped BEASLEY RPLS NO. 4050 set;

4. Southwesterly, 82.50 feet along a non tangent curve to the left, having a radius of 1,260.00 feet, a central angle of 03°45'06" and a chord bearing S55°15'24"W. 82.49 feet to an $\frac{1}{2}$ " iron rod stamped BEASLEY RPLS NO. 4050 set;
5. S53°22'50"W. a distance of 324.51 feet to an $\frac{1}{2}$ " iron rod stamped BEASLEY RPLS NO. 4050 set;
6. Southwesterly, 128.76 feet, along a curve to the right, having a radius of 1,140.00 feet, a central angle of 06°28'17" and a chord bearing S56°36'59"W 128.69 feet to an $\frac{1}{2}$ " iron rod stamped BEASLEY RPLS NO. 4050 set;
7. S59°61'07"W, a distance of 233.85 feet to the point of beginning, containing 8.319 acres of land

The Bearings recited heron are oriented to the plat filed in Cabinet A, Slide 3312.
P.R.T.C.T. - 3/8" IRON ROD FOUND S 30°12'10"E 1.31'



CHEROKEE HORN PRODUCTIONS
5950 BERKSHIRE LANE STE 810 LB LANE

DALLAS TX 75225

Submitter: CHEROKEE HORN PRODUCTION

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 06/16/2008 08:35 AM
Instrument #: D208228320
LSE 15 PGS \$68.00

By: _____



D208228320

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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